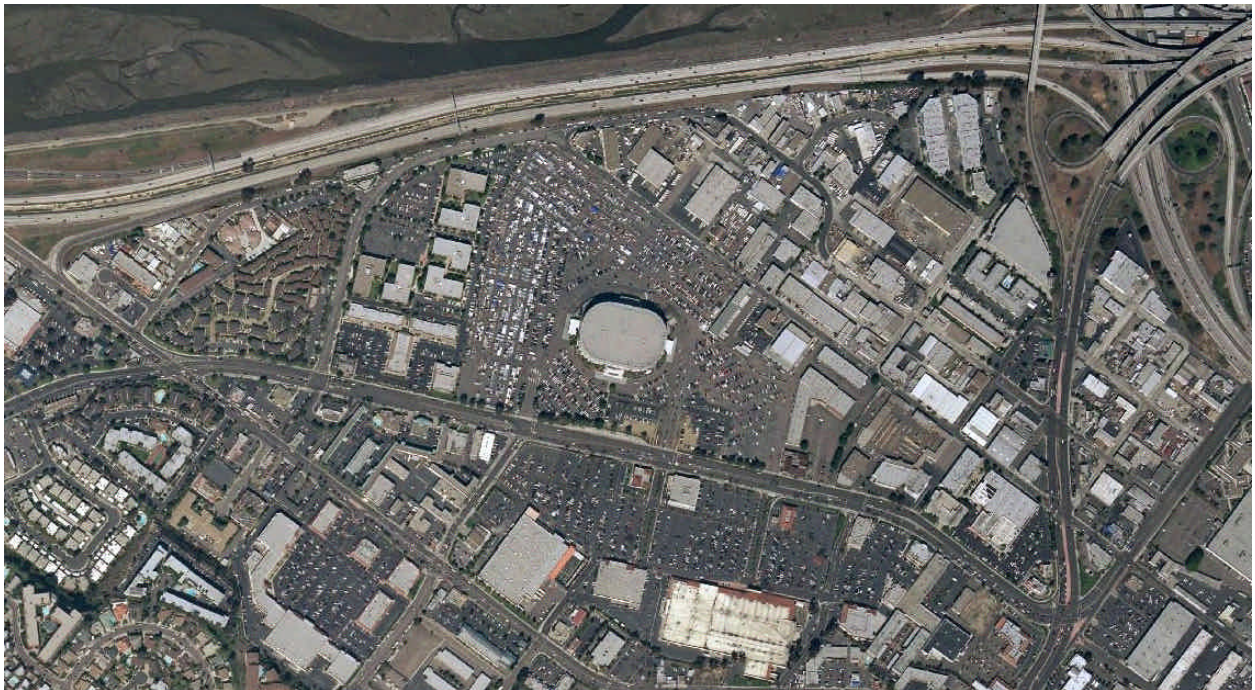




# CITY OF SAN DIEGO



## Request for Qualifications North Bay Area

Submittal Deadline:  
October 15, 2002

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>ES-1</b>
<b>1.0 INTRODUCTION .....</b>	<b>1</b>
<b>2.0 THE OPPORTUNITY .....</b>	<b>1</b>
<b>3.0 THE CHALLENGE .....</b>	<b>1</b>
<b>4.0 BACKGROUND/AREA OVERVIEW .....</b>	<b>2</b>
4.1 San Diego Area .....	2
4.2 Strong Market Demand .....	2
4.3 Midway/Pacific Highway Corridor Community .....	4
4.4 North Bay Redevelopment Project Area .....	4
4.5 City of Villages .....	6
4.6 Bay-to-Bay Link.....	8
<b>5.0 SITE INFORMATION.....</b>	<b>8</b>
5.1 Description of the Site .....	8
5.2 Location and Access.....	9
5.3 Environmental Condition .....	9
5.4 Individual Parcels and Conditions .....	10
5.5 Minimum Development Standards .....	11
5.6 Transit.....	11
5.7 Affordable Housing.....	11
<b>6.0 PROJECT GOALS AND OBJECTIVES.....</b>	<b>12</b>
6.1 Project Goals and Scope of Desired Development.....	12
6.2 Owner Participation Rights .....	12
6.3 City and Agency Financial Participation.....	12
<b>7.0 DEVELOPER RESPONSIBILITIES.....</b>	<b>13</b>
<b>8.0 DEVELOPER SELECTION PROCESS.....</b>	<b>13</b>
8.1 Qualification Requirements.....	13
8.2 Selection Criteria.....	13
<b>9.0 PROPOSED SCHEDULE AND PROCESS FOR DEVELOPMENT SELECTION .....</b>	<b>14</b>
<b>10.0 SUBMITTAL REQUIREMENTS .....</b>	<b>15</b>
10.1 Development Team .....	15
10.2 Development Summary .....	15
10.3 Development Concept .....	15
10.4 Proposal Security Deposit .....	16

11.0	SUBMITTAL FORMAT .....	17
12.0	DEVELOPER'S PACKAGE.....	17
13.0	DUE DILIGENCE.....	17
14.0	CONFLICTS OF INTEREST.....	18
15.0	REGISTRATION OF INTEREST/PRE-SUBMISSION CONFERENCE .....	18

## EXECUTIVE SUMMARY

<b>Potential Development Opportunity:</b>	Develop an Urban/Mixed Use Project with retail, residential, including affordable housing, and office uses.
<b>Location:</b>	Fourteen (14) parcels owned by the City of San Diego located in the San Diego Sports Arena/Midway District, as shown on page 8. These parcels total ninety-five acres and are located in an area where substantial reinvestment and redevelopment is expected to occur. Other adjacent properties represent development opportunities. The sites are within walking distance of Old Town San Diego, Sea World and Mission Bay Park. Development teams may propose on all of these sites, or a combination of the properties, provided the criteria outlined in the RFQ are satisfied.
<b>Development Team:</b>	Qualified development teams must have substantial urban/mixed use development experience. It is critical that the team include an experienced urban retail developer and a master urban design planner with experience in designing large-scale, urban/mixed use projects. The development team is expected to include multiple developer entities that have specific expertise to develop the mixed use project components other than retail.
<b>Property Disposition:</b>	Joint Venture Agreements (“JVA”) and/or Ground Leases
<b>Developer Selection Process:</b>	<p>A four-stage process (each stage is subject to City discretion):</p> <ul style="list-style-type: none"><li>• <b>First Stage:</b> Qualifications Submittal</li><li>• <b>Second Stage:</b> Evaluation of submittals by READ staff &amp; Selection Committee - Prepare Short-List of Development Teams</li><li>• <b>Third Stage:</b> One or more Development Teams to be selected for an Exclusive Negotiations Agreement (ENA) approved by Council Committee</li><li>• <b>Fourth Stage:</b> Council Approval of Agreements/JVA’s.</li></ul>
<b>Pre-Submission Conference:</b>	September 6, 2002 (10:00 A.M.) at the City Administration Building, 202 C Street, 12 <sup>th</sup> Floor, San Diego, CA 92101.
<b>RFQ Submittal Deadline:</b>	October 15, 2002
<b>Contact Person:</b>	Chris E. Hargett, Property Agent Real Estate Assets Department City of San Diego 1200 Third Avenue, Suite 1700, San Diego, CA 92101 (619) 236-6766 FAX (619) 236-6706 email: <a href="mailto:chargett@sanidiego.gov">chargett@sanidiego.gov</a>

## **1.0 INTRODUCTION**

The City of San Diego's Real Estate Assets Department ("READ") manages the City's real estate portfolio by providing real property related services and assistance to all City departments. The Asset Management and Marketing Division ("AM&M") is responsible for managing City owned property, which encompasses a wide range of activities affecting the City's real property such as development and acquisition/disposition. Other activities include leasing or permitting use of land, facilities, or other assets at locations such as Balboa Park, Mission Bay Park, San Pasqual Agricultural Preserve and the World Trade Center. AM&M also works with qualified developers and property owners involving projects on City-owned property as well as provide services including the leasing of facilities for City departments, sale of excess land, and Right of Entry permits for short term use of City property.

## **2.0 THE OPPORTUNITY**

This Request for Qualifications ("RFQ") describes an outstanding development opportunity at the forefront of redevelopment in San Diego. Creative and capable developers or development teams are invited to submit sufficient information regarding their development expertise (including approaches to development, financial capability, and other relevant information) to enable the City to select a developer(s) for this important redevelopment opportunity. The redevelopment opportunity consists of ninety-five acres of City-owned property and adjacent property, depicted on page 8 hereof (the "Site"), located within and adjacent to the North Bay Redevelopment Project Area.

## **3.0 THE CHALLENGE**

The Site offers an exceptional opportunity for a mixed-use transit-oriented development including an affordable housing element along the Interstate 8 freeway to the north and Sports Arena Boulevard to the south. The Site is centrally located between La Jolla/Pacific Beach and Downtown San Diego and is within walking distance to Mission Bay Park, SeaWorld and Old Town San Diego. The Site presents the developer(s) with a remarkable opportunity to develop a project that enjoys a multitude of current and future quality of life amenities including easy access to public and private transportation, convenient shopping, and lively entertainment and recreation. As San Diego continues its transition into a cosmopolitan 24-hour city and technology center, the City is seeking to accelerate that process through the selection of a development team that possesses the vision, resources, expertise and ability to create a smart development on the Site which provides infrastructure and design amenities that will create an important link between San Diego's past and its vision for the 21st century.

Prospective development teams are invited to submit information regarding their experience, capabilities, and expertise in mixed-use development along with a proposed range of value for the Site. The objective will be to develop and implement a redevelopment scheme which creates a signature project that will provide an anchor development in the North Bay Redevelopment Area. All prospective projects shall be consistent with the City of Villages concept and the Bay-to-Bay Link feasibility study (both described herein) and in accordance with the submittal requirements and special considerations detailed in the RFQ.

READ intends to recommend that the City and/or Redevelopment Agency select and enter into Exclusive Negotiation Agreements (“ENA”) with the best qualified developer(s) proposing a property development plan meeting the City’s redevelopment objectives. In order to maximize the potential for developing a transaction structure that provides the greatest benefit to the City, the City will consider primarily a joint venture or lease of the site, and, if necessary, City participation and/or a deferred return. The purpose of the ENA is to enable the City, Redevelopment Agency and the proposed development team(s) to develop JVA’s which detail the terms of a transaction in a format that can be approved by all parties.

## **4.0 BACKGROUND/AREA OVERVIEW**

### **4.1 SAN DIEGO AREA**

San Diego, "America's Finest City," is the seventh largest city in the United States with a population exceeding 1.28 million. The population of San Diego County is 2.9 million and is projected to grow to 3.85 million by 2020. The total effective buying income for San Diego County was \$43.2 billion in 1997, ranking it 19th among the 320 major metropolitan markets. Weather is one of the main attractions of San Diego. The daytime temperature averages 70 degrees and the annual rainfall is less than ten inches.

San Diego’s economy was once dominated by the U.S. Navy and aerospace industry. The economy has since diversified and developed into one of America's foremost technology centers, particularly in the biomedical field. Manufacturing has shifted towards electronics, computers, instrumentation and other high technology products. San Diego has substantial employment in agriculture, defense, fishing, high technology, communications, international trade, manufacturing, medical research, retail, and tourism. Its universities and research centers are considered world class. Four companies included on the notable Fortune 500 list - Gateway Computers, QUALCOMM, SAIC, and Sempra Energy all call the region “home.” The region is also the host to the prestigious San Diego campus of the University of California and has the third largest concentration of bioscience companies in the United States. The San Diego region is also a leader in the communications industry with the presence of QUALCOMM, Ericsson, Nokia, Motorola, and Leap Wireless. The Annual Regional Gross Product is estimated at more than \$86 billion.

San Diego's temperate climate, coastal location and numerous tourist attractions have made the City a popular destination. The visitor industry is San Diego's third largest economic sector and is rapidly increasing. Over \$4.7 billion was spent by visitors to San Diego in 1998.

### **4.2 STRONG MARKET DEMAND**

#### **Retail**

CB Richard Ellis reports that the fourth quarter 2001 vacancy rate for retail space in San Diego County rose 0.3 percentage points from third quarter to 4.7 percent. Meanwhile, net absorption for the year totaled 446,996 square feet, up 101,996 square feet from 2000. Throughout 2001, nearly one million square feet of new retail construction was added to the existing base.

In the fourth quarter of 2001, the average asking lease rate remained relatively stable, dropping just one cent from the third quarter rate of \$1.73 per square foot. Even with this slight decline, the fourth quarter 2001 lease rate was still four cents above the fourth quarter 2000 lease rate of \$1.68 per square foot.

### **Office**

According to CB Richard Ellis, first quarter 2002 office market activity in San Diego County demonstrated encouraging signs. Net absorption during the first quarter totaled 68,177 square feet, which represents a turnaround from the negative absorption (-157,979 square feet) experienced during fourth quarter 2001. The overall vacancy rate for office space also declined slightly from 9.7 percent at the end of 2001 to 9.6 percent at the end of the first quarter 2002. Meanwhile, the average asking full service gross lease rate increased one cent from fourth quarter 2001 to \$1.81 per square foot. This lease rate represents a \$0.06 per square foot decline from first quarter 2001 lease rates.

### **Industrial**

CB Richard Ellis reports that net absorption of industrial space in San Diego County totaled 335,936 square feet in the first quarter of 2002, with net absorption of corporate headquarters/R&D space totaling 198,146 square feet. The positive net absorption in the first quarter of this year represented an upswing from fourth quarter 2001, when net absorption was negative. Vacancy rates for industrial space increased from 6.7 percent in the fourth quarter of 2001 to 6.9 percent in first quarter 2002. Vacancy rates for Corporate Headquarters/R&D space also increased from 7.8 percent in fourth quarter 2001 to 8.6 percent in first quarter 2002. This jump in vacancy rates was due to new buildings coming online.

The first quarter 2002 average asking lease rate for industrial space was \$0.85 NNN, representing a \$0.05 per square foot increase from a year ago (first quarter 2001). Average asking lease rates for Corporate Headquarters/R&D space, meanwhile, stood at \$1.22 NNN per square foot.

### **Residential (Apartments)**

Marcus & Millichap reports that San Diego County has become one of the least affordable places in the country to purchase a home, with only 25 percent of the County's population able to afford the median priced home, presently estimated to cost \$325,000.

In 2002, the demand for upscale apartments is expected to decline as a result of the current economic downturn. This waning demand will cause the overall vacancy rate for apartments to rise slightly from the current rate of 2.5 percent to 3.0 percent by the end of the year. In 2002, only 3,300 units are likely to be added to the market, most of which are luxury apartments. Even with the addition of these units, the demand for housing is projected to outpace supply.

The average monthly rent in San Diego County is currently \$1,018. This is up from \$986 per month reported in July of 2001. Positive job growth and a lack of affordability in the housing market will cause rents to increase at a moderate pace in most parts of the county this year.

The Site currently includes an affordable housing element and is in close proximity to a major trolley and transit hub, which makes it an ideal location to intensify the affordable housing uses. One of the objectives of the Mayor and Council and RFQ is to increase the number of affordable units within the site and the San Diego Housing Commission is interested in facilitating this objective.

#### 4.3 MIDWAY/PACIFIC HIGHWAY CORRIDOR COMMUNITY

The Midway area is centrally located among regional recreational resource areas such as the Cabrillo National Monument, Ocean Beach recreational area, Old Town State Recreation Area and Mission Bay Park. The Pacific Highway Corridor area is a major accessway to the San Diego International Airport and is a gateway to the Centre City area.



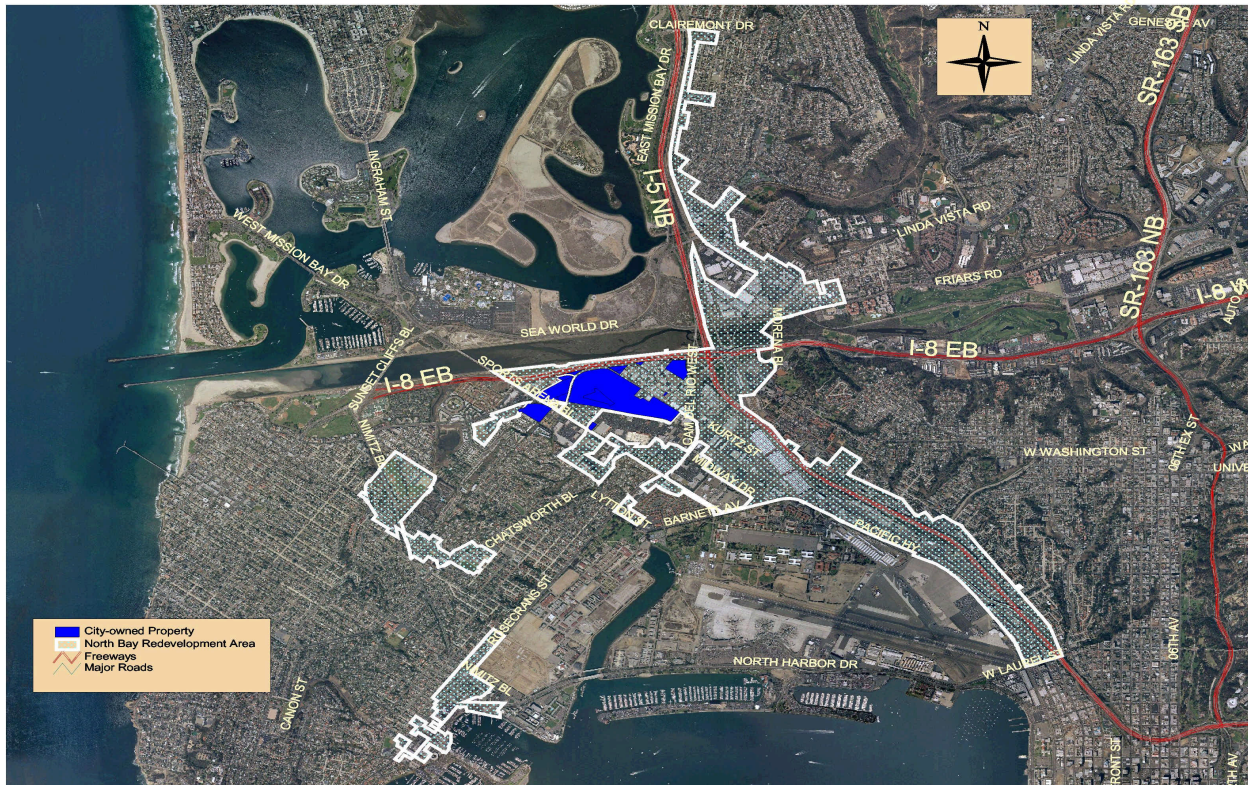
The community contains a variety of regional-serving uses which include the City's main post office, the San Diego Sports Arena, the County Health Services complex, the offices of the San Diego Unified Port District, Sharp Cabrillo Hospital, and a Kaiser Permanente medical complex.

Other major uses in the community include a variety of commercial uses such as retail shopping centers, discount stores, hotels/motels/restaurants, and both heavy and light industrial uses. Most of the commercial uses have developed along the area's major streets which include Sports Arena Boulevard, Midway Drive, Camino Del Rio West, and Rosecrans Street.

#### 4.4 NORTH BAY REDEVELOPMENT PROJECT AREA

The City of San Diego's 1,360-acre North Bay Redevelopment Project Area focuses on high technology, light industry, retail, entertainment, residential, and mixed-use development opportunities along Interstate 5, Pacific Highway, Morena Boulevard, and the Midway District. The project area enjoys close proximity to the San Diego harbor and is focused on the opportunity to coordinate redevelopment plans with the neighboring Naval Training Center Redevelopment Project Area.





The project area is centrally located 2 to 5 miles from downtown, is adjacent to the San Diego International Airport, is accessed by two major freeways, and has both light and heavy rail transportation for employees and freight and is also accessible to both San Diego Bay and Mission Bay. The project area is home to major high-tech employers including the Space and Naval Warfare Systems Center and Science Applications International Corp. Existing community and neighborhood shopping centers will complement any mixed-use project. The Redevelopment Agency is working closely with the Metropolitan Transit Development Board on the North Bay & Beach Area Transit Study to help improve traffic circulation and transit in the North Bay area.

### **Community and Economic Development Incentives**

- Site Assembly
- Permitting Assistance
- Off-site Improvements
- Housing Programs
- Facade Rebates
- Special Public/Private Financing Opportunities
- Minimized/Streamlined Environmental Review and Processing

**Redevelopment Objectives**

- High-tech industrial and office uses to complement the Space and Naval Warfare Systems Center and the Naval Training Center re-use project.
- Light industrial manufacturing
- Neighborhood commercial centers
- Mixed-use/high density and multi-family residential/affordable housing
- Bay to Bay Link

**Coordinating Programs**

- Naval Training Center Redevelopment Project Area
- Clairemont Mesa, Linda Vista, Midway/Pacific Corridor, Mission Valley, Old Town, Peninsula and Uptown community planning areas
- Bay-to-Bay Link

**4.5 CITY OF VILLAGES****Strategy**

The City of Villages strategy provides a vision for the future and a guidepost for updates of the City's Progress Guide and General Plan by listing goals and objectives for San Diego's future development. The strategy will help accommodate projected population growth and help with solutions to growth-related problems such as a lack of affordable housing, traffic congestion, deficient public facilities and infrastructure, and inappropriate land uses. After months of gathering input from many public meetings, the strategy was chosen from four alternative growth options presented to the City Council. The term "village" is loosely defined by this strategy as a place where residential, commercial, employment and civic/education uses are connected to create a cohesive whole. Key policy recommendations of the strategy include:

- Urban Form and Environment
- Neighborhood Quality
- Economic Prosperity
- Infrastructure/Public Facilities
- Mobility

**Urban Form and Environment**

- Ensure the natural form of the City defines communities.
- Create walkable communities through pedestrian-oriented development and increased public awareness.
- Provide alternative modes of mobility to reduce automobile dependence and to enhance neighborhoods.

- Design diverse neighborhood centers to include public spaces, facilities, and transit to accommodate more intense commercial and residential development.
- Create pedestrian-oriented public spaces to provide neighborhood identity.
- Provide accessible and integrated parks through new standards and a citywide park master plan.

### **Neighborhood Quality**

- Enhance the heart of the neighborhood by creating vital neighborhood centers, public gathering spaces, schools, and community facilities.
- Preserve distinctive neighborhood character by encouraging diversity in design, development type, respecting the natural land form, and creating community landmarks.
- Promote neighborhood safety through pedestrian-friendly street design, traffic calming, and crime prevention.
- Provide interconnected and balanced pedestrian, bicycle and transit opportunities.
- Encourage affordable housing by providing a diverse housing stock.
- Enhance and ensure the preservation of arts, cultural and historical resources.

### **Economic Prosperity**

- Focus on the retention and expansion of existing business.
- Provide additional employment land and revitalize underutilized land for employment use.
- Enhance existing infrastructure to accommodate employment growth and provide a sound fiscal base.
- Take an active leadership role to target regional infrastructure investments on a collaborative, regional basis.
- Maintain and create middle income employment opportunities.
- Ensure a sufficient amount and range of housing opportunities throughout the City.
- Increase trade capabilities with Latin America and Mexico.
- Provide equitable access to educational opportunities.

### **Infrastructure/Public Facilities**

- Facilitate only patterns of development that can be served by adequate infrastructure.
- Provide for growth in communities that commensurate with the public facilities to support it.
- Focus infrastructure investments in communities that have demonstrated need for such resources.

### **Mobility**

- Coordinate land use and transportation planning to improve mobility.
- Provide focused improvements to streets and highways and employ transit priority measures.
- Develop parking management programs and provide community-serving parking facilities.
- Support a Transit First system allowing public transit to function as the region's "second car."



## 4.6 BAY-TO-BAY LINK

The idea of a Bay-to-Bay Link was documented as early as 1926, when connecting San Diego Bay with the San Diego River and later, Mission Bay, was mentioned in the City's General Plan. The landmark 1974 report "Temporary Paradise" renewed calls for a water connection between the two bays. The closure of the Naval Training Center and re-use of the former Plant 19 site (Navy's Old Town Campus) for Space and Naval Warfare research, and the possibility that the former main Post Office and Sports Arena may be relocated or down-sized have revived interest in a Bay-to-Bay Link as a way of bringing in new and exciting development to the community. A series of public workshops in 1994 resulted in a report recommending that a water link be built. In 1997, the North Bay Revitalization Advisory Committee recommended that a water link be included in future land use plans. In February 2002, a Bay-to-Bay Link feasibility study was undertaken and will be completed between February and July of 2003. The study will examine geological, technical, economic and environmental aspects to determine whether a water link, such as a canal, would be feasible in the area or not. Alternate options, including a greenbelt or other community-oriented amenities, will also be considered. Ultimately, any recommendations from the study will need to be incorporated into plans for the Site. A draft report could be available by the end of 2002.

## 5.0 SITE INFORMATION



### 5.1 DESCRIPTION OF THE SITE

At approximately 95 acres, the City-owned property within the Site contains the San Diego Sports Arena as well as a mix of retail, light industrial, office, and residential uses. The Sports Arena, at 38 acres, is the largest land use in the area followed by the Sports Arena Village retail/office complex at 17.61 acres. Based on conversations with local brokers, average industrial lease rates for the area range from \$0.85-\$1.20 gross per square foot, while average retail lease rates range from \$1.00-\$1.25 NNN per square foot.

Though the area includes some existing residential uses such as the Stonewood Garden Apartments and Orchard Apartments, the Site lacks a balance of affordable housing developments. The area instead has many retail uses with community, neighborhood, and retail centers located on Sports Arena Boulevard, Rosecrans Street, and Midway Drive. Most of the retail use in the area represent daytime uses. The area has limited evening dining and entertainment facilities.

Office uses within the Site are predominately older, smaller projects set back from the busier retail centers. With the exception of the Sports Arena Village (254,000 square feet) and TPG Sherman sites (154,000 square feet), existing office developments within the Site are on the smaller side, typically 10,000 to 30,000 square feet. Due to the Site's visibility and proximity to both Interstate 8 and Interstate 5, the Site could be attractive for limited office development.

Industrial development in the area, located between Kurtz and Hancock Streets, includes construction companies, warehouse users and small, light manufacturers.

Overall, the primary assets of the Site are its location and size. At 95+ acres and situated near major tourist attractions and transportation corridors, the Site is large enough to generate its own market drawing power.

## **5.2 LOCATION AND ACCESS**

The Site is located in the Midway District/Pacific Highway Corridor Community. The 95 acres is in the heart of the San Diego Sports Arena area and adjacent to Interstate 8 and Interstate 5 Freeways which both provide access to the Site. Nearby, Old Town provides access to the San Diego Trolley System. Sports Arena Boulevard is the major thoroughfare through the Site and is heavily traveled by vehicles, buses, and pedestrian traffic. The City-owned property within the Site is presently encumbered with 14 ground leases with fee ownership solely by the City of San Diego. The City estimates change of possession and delivery of the Site and construction of the project within 9-12 months of submittal. The Site is improved with numerous structures, all of which are currently occupied and will require transfer of possession and demolition at the developer's expense to accommodate new development. The Site is depicted above. South of the Site is a retail development which includes Home Depot, Ralphs and Target, and there are warehouse and industrial developments northeast of the Site.

The City desires to implement a redevelopment strategy for the project that complements, enhances and makes a signature statement in its use and how it integrates and complements the Site's public functions. This strategy must be feasible from both a financial and redevelopment perspective. In addition, the City emphasizes that this property represents a significant opportunity for a developer to promote a collaborative effort of a public/private partnership.

## **5.3 ENVIRONMENTAL CONDITION**

The City is not aware at this time of any significant environmental issues of concern within the Site. The selected developer(s) will be responsible for securing compliance with the California Environmental Quality Act of 1970 at their sole expense. Appropriate application for environmental review of the proposed improvements must be made by the successful developers upon selection.

## 5.4 INDIVIDUAL PARCELS AND CONDITIONS

Parcel Number	Parcel Size (in Acres)	Lessee Improvements Type of Use	FAR or Units per Acre	FY 2000 Rent FY 2000 Rent per SF Lease Expiration
A	8.36	Stonewood Garden Apartments 214,483 SF 255 Unit Apartment Complex	30 UPA	\$187,218 \$0.51 per SF 03-31-2034
B	5.59	Orchard II Apartments 134,300 SF 288 Unit Senior Apartments	52 UPA	\$121,836 \$0.50 per SF 03-01-2036
C	5.50	ST Associates Orchard Apartments 275 Unit Senior Apartments	50 UPA	\$110,947 \$0.46 per SF 06-30-2032
D	17.61	Sports Arena Village 254,000 SF Retail/Office Complex	0.33 FAR	\$424,285 \$0.55 per SF 01-01-2029
E	0.60	Tusch-Derbonne Building 17,000 SF Office	0.65 FAR	\$41,735 \$1.60 per SF 08-31-2035
F	33.58	San Diego Sports Arena 125,000 SF <sup>1</sup> Sports Arena and Parking Lot	0.085 FAR	\$383,489 \$0.23 per SF 05-07-2017
G	5.00	Sports Arena Square 77,163 SF Retail, Restaurant, Office	0.35 FAR	\$77,175 \$0.35 per SF 02-28-2006
H	3.80	Dixieline Lumber 10,000 SF Lumber and Hardware Store	0.06 FAR	\$301,087 \$1.82 per SF 11-07-2015
I	0.59	Salvation Army Boutique 16,000 SF Retail Store	0.62 FAR	\$50,000 \$1.95 per SF 11-07-2015
J	1.17	Pier 1 Imports 11,229 SF Retail Store	0.22 FAR	\$167,909 \$3.29 per SF 7-31-2009 <sup>2</sup>
K	1.75	Matthew K. Strauss 39,550 SF Office/Retail/Light Industrial	0.52 FAR	\$96,030 \$1.26 per SF 10-24-2033
L	0.33	Brown, Gerard, & Arbie Parking Lot		\$18,416 \$1.28 per SF 01-31-2004
M	6.46	TPG Sherman 163,160 SF Office	0.58 FAR	\$426,400 \$1.52 per SF 06-30-2036
N	4.92	Arena Group 2000 Retail Pads		To be determined 50% of gross rents 04-30-2032

<sup>1</sup> Represents an estimate.

<sup>2</sup> Pier 1 Imports has 5-year option to extend lease to 2014.

## 5.5 MINIMUM DEVELOPMENT STANDARDS

New development in the community is regulated by the Community Plan and Community Plan Implementation Overlay Zone (“CPIOZ”). This document is contained in the Developer's Package, which is available at READ for a fee of \$100.00. To prepare a competitive proposal, respondents will have to meet or exceed the minimum development requirements specified for the Site and the requirements of the Community Plan. Proposals that go beyond the specified minimum development program are encouraged. The mixed-use development envisioned for the Site is residential/affordable housing, commercial, retail, entertainment and office mixed-use. There are significant contemplated transit and transportation links for the area. READ would possibly support amendments to the Community Plan and an increase in the height limit for the Site. Specific development considerations for the project include:

- The grant of an easement to MTDB for transit operations;
- A project design that reflects the importance of the Site as a signature development project for the area to include City of Villages concepts and recommendations from the Bay-to-Bay Link feasibility study and an affordable housing element;
- Architectural features reflective of and compatible with the neighborhood;
- Activated sidewalks and commercial storefronts;
- The maximization of potential density;
- The provision of potential underground/structured parking.

Questions regarding these development standards should be directed to Tony Kempton, Associate Planner, at (619) 236-6861.

## 5.6 TRANSIT

The Site includes the location of a moderate sized transit stop and will be a significant corridor for a proposed future Bus Rapid Transit (BRT) line. Development of the Site may require the accommodation and development of an integrated BRT stop and bus stops. Developers will need to develop provisions for an easement or license with MTDB and the City for the necessary right of way. The preliminary BRT alignment and station requirements are included in the Developer's package, however, the ultimate BRT station should be directly integrated into the Site to produce a transit-oriented development. Questions pertaining to MTDB transit studies should be addressed to Kathy Donnelly, P.E., Associate Transportation Planner, Metropolitan Transit Development Board, (619) 557-4545, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92106-7490.

## 5.7 AFFORDABLE HOUSING

In close proximity to a major trolley and transit hub, the site is an attractive location for affordable housing. The site includes three existing apartment developments with a total of 818 units of which 58 are section 8, 33 units utilized for a sober living program and 563 senior units. One of the primary goals of this RFQ as directed by the Mayor and Council is not only to maintain the existing affordable housing element but to substantially expand upon it. The San Diego Housing Commission is interested in discussing creative alternatives to increase affordable housing as part of this redevelopment opportunity. Interested developers should visit the Housing Commission web site at [www.sdhc.net](http://www.sdhc.net) or contact Ms. Cissy Fisher for additional information at (619) 578-7585.

## **6.0 PROJECT GOALS AND OBJECTIVES**

### **6.1 PROJECT GOALS AND SCOPE OF DESIRED DEVELOPMENT**

The Site is situated in the Midway/Pacific Highway Corridor Community Plan Area. This district is intended to accommodate residential/affordable housing and a variety of commercial and retail uses. READ is seeking proposals that maximize the location and incorporates concepts of the City of Villages and any recommendations from the Bay-to-Bay Link feasibility study. Development of the Site will need to accommodate a transit station adjacent to the project and the developer must negotiate an easement with the City and Metropolitan Transit Development Board (MTDB.) The development will need special attention for the project's street level with respect to the development's relationship to the transit elements along Sports Arena Boulevard and the need for pedestrian-friendly uses throughout the project.

### **6.2 OWNER PARTICIPATION RIGHTS**

The Redevelopment Agency may extend reasonable preferences to persons who are engaged in business in the redevelopment project area to reenter in business within the redeveloped area if they otherwise meet the requirements prescribed in the redevelopment plan. Persons who are owners of residential, business, and other types of real property in the redevelopment project area will be given the opportunity to participate in redevelopment. The opportunities include rehabilitation, retention of improvements, or new development by retaining all or a portion of their properties, acquiring and developing adjacent or other properties in the area, or selling their properties to the City or Redevelopment Agency and purchasing and developing other properties in the area and as outlined and in accordance with the North Bay Redevelopment Plan.

### **6.3 CITY AND AGENCY FINANCIAL PARTICIPATION**

The City intends to limit its financial participation in the development of the site to only the land equity. If assistance is provided on adjacent parcels, the assistance can be in the form of a land “write down” and/or off-site improvements.

Development loans are only available if needed to subsidize the development of low-and moderate-income housing. California Redevelopment Law strictly regulates the use of low & moderate income housing funds, which must be used by the Redevelopment Agency to increase and improve the community's supply of low and moderate income housing for persons of low and moderate income. The Redevelopment Agency is also required to maintain the affordability of those units developed and/or constructed with low/moderate income funds for the longest feasible time, and in no event for less than 30 years, by recording a covenant that runs with the land and restricts the sale and/or rent of the units to low- and moderate-income residents.



## 7.0 DEVELOPER RESPONSIBILITIES

Under the terms of this Request for Qualifications, the Developer will assume the following responsibilities:

1. The Developer will be required to pay for all off-site improvements, including but not limited to, new curbs/gutters, sidewalks, landscaping, any water features, and street furniture
2. Developer will prepare all required environmental documents to the satisfaction of the Development Services Department.
3. All costs relating to site acquisition, relocation, demolition, and remediation shall be advanced by the Developer. Redevelopment Agency financial assistance may be available, if necessary, and is subject to an analysis of the project proforma.
4. Developers assume the total cost for submitting a response to this request.

## 8.0 DEVELOPER SELECTION PROCESS

### 8.1 QUALIFICATION REQUIREMENTS

The developer or development team selected to participate with the City will need to meet all applicable city, agency, local, state and federal requirements. The developer(s) or development team(s) selected will work primarily with City staff for review and advice, with ultimate approval authority resting with the Mayor and City Council. The developer or development team selected to participate with the City must demonstrate the experience and resources needed to design and develop a successful urban infill, high-quality redevelopment experience/mixed-use project. In evaluating the proposals, important factors in considering the most qualified respondents will be direct extensive prior experience in projects of exceptional design, construction management, project marketing, current financial capacity or access to funding sources, and the ability to complete the project in a timely manner. A concise, professional, and complete response to this RFQ will help the City identify the most qualified developer(s) or development team(s) and will be indicative of the level of the respondent's commitment to the project.

### 8.2 SELECTION CRITERIA

READ and the selection committee intend to select and recommend developer(s) or development team(s) to the City Council based on the following criteria: demonstration of expertise, professional qualifications, financial resources and quality of information submitted in response to the RFQ, interviews, evaluation of past projects and performance, and other pertinent factors. The following is a guide to the criteria that will be used in evaluating proposals:

#### **Proposal and Developer/Development Team Characteristics include:**

- Experience in developing, marketing, selling and/or managing high quality, first class mixed-use developments;
- Experience in the design, construction and management of projects that integrate transit facilities into the development;

- Experience in developing projects in a redevelopment area and/or developing projects in a public/private partnership;
- Demonstrated ability to develop a project, which is an asset and a “correct fit” with the City’s and Redevelopment Agency’s goals for the area;
- Ability to provide local resources, experience or capability to assure timely implementation of the proposed development;
- Demonstrated ability to comply with the City’s Equal Employment Opportunity Program;
- Appropriateness of the business transaction proposed by the developer or development team; and
- If the development includes residential, the ability to develop a project that provides a mix of units affordable to households at a variety of income levels.

**Financial Resources and Project Financing include:**

- Demonstrated ability to provide project funding, including current relationships with major lenders and past funding experience with housing projects;
- Ability to provide sufficient project equity to demonstrate commitment to the success of the project and to satisfy conventional lender requirements; and
- Ability to generate development concepts for the project that will create a high quality, successful project, meeting both City and respondent objectives.

**Project Architecture/Planning/Design include:**

- Demonstration of architectural and urban design experience on projects similar in quality and scale to the proposed project;
- Design experience with projects in a variety of urban settings;
- Experience with development sites that require working with significant site design and engineering constraints;
- Ability of design team to focus on the unique characteristics of adjacent developments; and
- Ability of design team to integrate transit elements into the development.

## **9.0 PROPOSED SCHEDULE AND PROCESS FOR DEVELOPMENT SELECTION**

READ staff will review and evaluate all responses to this RFQ. Staff may meet with any or all of the developers or development teams. Staff may seek additional information from developers, conduct site visits and reference checks as appropriate, and may request that teams make presentations to a Selection Committee. The City’s selection of proposals will take the form of Exclusive Negotiating Agreements (“ENA”) between the selected developer(s) or development team(s). It is anticipated that the ENA’s will provide for an approximate 90-day negotiation period within which to prepare JVA’s with up to a 30-day extension of the negotiating period at the sole discretion of the City Manager. The ENA’s will require developers to pay the City an additional sum of \$25,000 (“Negotiating Deposit”) in consideration for the

right to negotiate with the City under the ENA's. The Negotiating Deposit is non-refundable whether or not a transaction is consummated and will be used by the City to pay for transaction costs relating to the RFQ and subsequent project, or in any other manner as the City determines in its sole and absolute discretion. If the term of the ENA's is extended, developer's may be required to increase the deposit for the extension term. The solicitation, receipt and evaluation of proposals, and selection process is anticipated to observe the following time frame:

Issuance of Request for Qualifications	July 19, 2002
Pre-Submission Conference	September 6, 2002
Receipt of Developer Proposals	October 15, 2002
Evaluation by Staff/Selection Committee	October - November 2002
Proposed ENA's to Council Committee	November/December 2002
Negotiation of Agreements/JVA's	Dec. 2002 – Feb. 2003
Recommendation to Mayor and City Council/Approval of Agreements	March 2003
Initiate Project	Beginning June 2003
<b>THE CITY RESERVES THE RIGHT TO REJECT ANY AND/OR ALL PROPOSALS</b>	

## 10.0 SUBMITTAL REQUIREMENTS

The initial proposal must include, and only include, the following information:

### 10.1 DEVELOPMENT TEAM

Identification of the Developer, Project Architect(s) and other members of the development team or consultants who would be responsible for implementing the proposed project(s) (name of individual, firm address, and telephone number). Provide a very concise narrative addressing the availability of local resources, experience or capability to assure timely implementation of the proposed development.

### 10.2 DEVELOPMENT SUMMARY

Completed "Site Development Summary" (See Developer's Package), which identifies the Site(s) proposed for development, summarizes the development proposed for the Site(s), the projected sales prices or rents, proposed financing and development schedule, and identifies the proposed price and all other terms for acquisition of the Site(s) from the City.

### 10.3 DEVELOPMENT CONCEPT

The following items must be submitted with the development proposals:

A Site plan of the ground level only and perimeter sidewalks & transit improvements and two cross-sections of the project (no other drawings of the proposed project(s) may be submitted with the initial proposal);

- o A context plan showing building roofs, including adjacent blocks; and
- o A very concise narrative describing the development concept for the Site, including employee and resident profile; description of the height, bulk and architectural design concept for the project; the approach to meeting the “pedestrian and transit friendly” requirements of the project; comparative analysis of how the project identified in “Development Team Experience” (below) illustrates the development/design concept for the Site; the identification of any aspect of the project's design that does not meet any minimum development program specified in this RFQ or the requirements of the Community Plan.
- o **Statement of Qualifications**  
Completed "Developer's Statement of Qualifications and Financial Responsibility" (See Developer's Package)
- o **Development Team Experience**  
A very concise schedule of relevant projects completed by the developer or development team(s) and/or architect(s) (including photographs). Include type of project, project address, unit count by type and size of unit, completed value, lenders involved (with contact references), and construction/completion dates.
- o **Development Team References**  
A very concise schedule listing the developer or development team including consultant references. Each member should include three professional references (lenders, investors, major accounts, etc.), with full names, relationship to the team member, address and telephone number. Provide a very concise narrative identifying any development team experience in developing projects in a redevelopment area and/or developing projects in a public/private partnership, and providing references for the projects.

#### 10.4 PROPOSAL SECURITY DEPOSIT

A proposal security deposit in the form of a forfeiture-type bond, a check certified by a responsible bank, or a cashier's check payable to the City Treasurer in the amount of Twenty Five Thousand Dollars (\$25,000) must be submitted with each proposal. After the final selections have been confirmed, the deposits of all unsuccessful respondents will be returned.

Within three (3) business days of selection to negotiate ENA's, the successful respondent(s) will be required to deposit a separate Negotiating Deposit in the amount of \$25,000. This Negotiating Deposit will become non-refundable and will be used by the City to cover costs related to studies, evaluations completed for the project, and for certain transaction costs, including consultant and attorney's fees, related to this RFQ and/or negotiating subsequent agreements. An additional non-refundable fee may be charged if the parties extend the ENA beyond the initial period. The initial (\$25,000) deposit will be held as partial security against a selected respondent failing to proceed with the project. Upon execution of an agreement, the initial \$25,000 proposal security deposit will be credited against the developer's security deposit obligations under the JVA or Lease. No interest on any security deposit will be paid to any respondent.

## 11.0 SUBMITTAL FORMAT

Proposals must be organized and tabbed consistent with the order of the submittal requirements outlined above. Submittals must consist of 8-1/2" x 11" sheets and 11" x 17" foldouts as necessary. If subdivision of a Site is being proposed, respondents need to organize the proposal so that information that is applicable to the subdivided site is not duplicated, but information unique to a subdivided site is completely and concisely presented. Respondents must undertake thorough due diligence in preparing proposals. Respondents are requested to complete, but not submit, a detailed proforma for their proposal. The City reserves the right to request detailed proformas and basic concept drawings at anytime during the selection process. The City reserves the right to request additional information during the evaluation of responses and to reject any or all proposals. Ten (10) copies and one (1) unbound original (suitable for reproduction) of the proposal must be delivered to the offices of READ no later than 5:00 p.m. on October 15, 2002.

## 12.0 DEVELOPER'S PACKAGE

Interested and qualified developers are encouraged to explore this potential development opportunity by acquiring a Developer's Package, which includes the following documents:

- Request for Qualifications North Bay Area
- Midway/Pacific Highway Corridor Community Plan
- North Bay Redevelopment Plan
- Site Development Summary Form
- Developer's Statement of Qualifications and Financial Responsibility Format
- Development Summary and Financing Data Format
- Client Release Authorization Form
- City's Equal Employment Opportunity Program
- Bus Rapid Transit Preliminary Alignment and Station Overview
- Land Development Manual, Project Submittal Requirements
- Development Services, General Fee Schedule
- Lease Summary

The Developer's Package, including a diskette with "Site Development Summary", "Developer's Statement of Qualifications and Financial Responsibility" and "Development Summary and Financing Data" formats, must be purchased by all parties submitting an RFQ for \$100.00 from READ's offices at 1200 Third Avenue, Suite 1700, San Diego, California 92101, Monday through Friday between the hours of 8:00 a.m. and 5:00 p.m., or may be mailed to interested parties upon receipt of a check made payable to the City Treasurer.

## 13.0 DUE DILIGENCE

The information provided in this RFQ, including without limitation information regarding contamination and seismic issues, is to assist respondents with information READ and the City have assembled as of this

preliminary stage in the process. Any respondent which is selected will be expected to conduct its own due diligence in these matters prior to commencement of its development. READ and the City will make no representations or warranties with respect to these matters.

## **14.0 CONFLICTS OF INTEREST**

Please note that State law makes it illegal for public officials or their employees to participate in the making of a contract in which he or she is financially interested. The law defines the making of a contract to include responding to Requests for Qualifications. The law further defines a public official very broadly to include members of advisory boards that are not actual parties to the contract. Prospective respondents who are aware of circumstances that could create a conflict of interest if a proposal were submitted are urged to contact READ immediately.

## **15.0 REGISTRATION OF INTEREST/PRE-SUBMISSION CONFERENCE**

Attachment A, a Registration of Interest Form, must be completed and returned to READ prior to submittal of a proposal in response to this RFQ. Complete and accurate registration will enable READ to inform registrants of any addendums to this RFQ or to provide any additional information of interest prior to the deadline for submission of proposals.

A Pre-Submission Conference will be held on September 6, 2002 at 10:00 A.M. at the City Administration Building, 202 C Street, 12<sup>th</sup> Floor, San Diego, CA 92101. This meeting will provide an opportunity for READ staff to discuss all aspects of the RFQ process and to respond to questions. All registrants will receive a notice of the Pre-Submission Conference. While READ staff is available to meet with prospective respondents during the period for preparation of proposals, all prospective respondents and/or their representatives are encouraged to attend the Pre-Submission Conference.

### **INTERESTED PARTIES SHOULD DIRECT INQUIRIES AND THE PROPOSAL TO:**

Chris E. Hargett, Property Agent  
Real Estate Assets Department - City of San Diego  
1200 Third Avenue, Suite 1700, San Diego, California 92101  
Telephone: (619) 236-6766, Facsimile: (619) 236-6706  
e-mail: [chargett@sandiego.gov](mailto:chargett@sandiego.gov)

### **SUBMITTAL DEADLINE:**

Tuesday, October 15, 2002 (5:00 p.m.)

## REGISTRATION OF INTEREST FORM (Attachment A)

Prospective respondents to this Request for Qualifications are requested to complete the following information and return the form to READ. Registrants will be informed of any addendums to this RFQ or provided with any additional information of interest prior to the deadline for submission of proposals.

**Subject:** NORTH BAY REQUEST FOR QUALIFICATIONS FOR THE MIXED-USE  
DEVELOPMENT PROJECT IN SAN DIEGO

**Name:** \_\_\_\_\_

**Firm:** \_\_\_\_\_

**Address:** \_\_\_\_\_

\_\_\_\_\_

**Telephone:** \_\_\_\_\_ **FAX:** \_\_\_\_\_

**Email:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

ÿ I/my firm plan(s) to attend the presubmittal conference scheduled for 10:00 A.M. on  
September 6, 2002 at the City Administration Building, 202 C Street, 12<sup>th</sup> Floor, San Diego,  
CA 92101.

**Return this Form to:**

Chris E. Hargett  
Property Agent  
Real Estate Assets Department  
City of San Diego  
1200 Third Avenue, Suite 1700  
San Diego, CA 92101  
(619) 236-6766 FAX (619) 236-6706  
email: chargett@sandiego.gov